SERIAL SYSTEM LTD

(Company Registration Number: 199202071D)
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

FOR THE HALF YEAR ENDED
30 JUNE 2026

Contents

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		The Group		
	Note	**6 months ended 30 June 2026 US$'000**	6 months ended 30 June 2025 US$'000	Change %
Sales	5	**503,073**	392,664	28
Cost of sales	6	**(462,402)**	(360,055)	28
Gross profit		**40,671**	32,609	25
Gross profit margin		**8.1%**	8.3%	*-0.2 pt*
Other income		**6,037**	5,071	19
Interest income	5	**1,366**	582	135
Other operating income	5	**4,671**	4,489	4
Expenses				
Distribution	6	**(20,774)**	(19,962)	4
Administrative	6	**(4,803)**	(4,697)	2
Finance	7	**(6,207)**	(5,274)	18
Other:				
Loss allowance on trade and other receivables	6	**(1,127)**	(96)	1,074
Other operating	6	**(9,541)**	(5,958)	60
Total expenses		**(42,452)**	(35,987)	18
		4,256	1,693	151
Share of results of associated companies (after income tax)		**27**	(29)	NM
Profit before income tax	6	**4,283**	1,664	157
Income tax expense	9	**(1,619)**	(237)	583
Profit after income tax		**2,664**	1,427	87
Attributable to:				
Equity holders of the Company		**2,581**	810	219
Non-controlling interests		**83**	617	-87
		2,664	1,427	87
Earnings per share attributable to equity holders of the Company:				
Basic	24	**0.29 cent**	0.09 cent	222
Diluted	24	**0.29 cent**	0.09 cent	222

NM – Not meaningful

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group	
	6 months ended 30 June 2026	6 months ended 30 June 2025
	US$'000	US$'000
Net profit for the period	**2,664**	1,427
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit or loss:		
Share of associated companies' other comprehensive income	**4**	2
	4	2
Items that may be reclassified subsequently to profit or loss:		
Share of associated companies' other comprehensive loss	**(43)**	(31)
Currency translation differences	**(1,630)**	4,956
	(1,673)	4,925
Other comprehensive (loss)/income for the period, net of tax	**(1,669)**	4,927
Total comprehensive income for the period	**995**	6,354
Attributable to:		
Equity holders of the Company	**742**	5,247
Non-controlling interests	**253**	1,107
	995	6,354

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		The Group		The Company	
		30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
	Note	**US$'000**	US$'000	**US$'000**	US$'000
ASSETS					
Current assets					
Cash and cash equivalents		**36,614**	37,468	**245**	410
Trade and other receivables	13	**195,494**	193,517	**46,937**	47,653
Inventories	14	**144,670**	130,153	**-**	-
Financial assets, at fair value through profit or loss	15	**15,478**	5,027	**-**	-
Finance lease receivables	16	**6,562**	6,261	**-**	-
Other current assets		**9,794**	6,635	**342**	356
		408,612	379,061	**47,524**	48,419
Non-current assets					
Loans and other receivables		**-**	-	**15,247**	15,741
Financial assets, at fair value through profit or loss	15	**21,552**	22,139	**-**	-
Investments in associated companies		**2,684**	2,802	**1,413**	1,413
Investments in joint ventures		**49**	-	**-**	-
Investments in subsidiaries		**-**	-	**64,190**	64,190
Property, plant and equipment	17	**23,815**	24,416	**464**	600
Investment properties	18	**10,027**	9,864	**-**	-
Intangible assets	19	**3,332**	3,282	**38**	28
Finance lease receivables	16	**8,532**	11,934	**-**	-
Other assets		**871**	927	**-**	-
Deferred income tax assets		**1,773**	1,874	**-**	-
		72,635	77,238	**81,352**	81,972
Total assets		**481,247**	456,299	**128,876**	130,391
LIABILITIES					
Current liabilities					
Trade and other payables	20	**149,084**	108,823	**12,196**	11,716
Current income tax liabilities		**1,987**	1,161	**-**	-
Borrowings	21	**172,584**	182,694	**6,217**	-
		323,655	292,678	**18,413**	11,716
Non-current liabilities					
Other payables		**-**	-	**13,620**	13,888
Borrowings	21	**13,488**	22,308	**-**	6,231
Defined benefit plans liabilities		**466**	374	**-**	-
Deferred income tax liabilities		**1,673**	1,674	**976**	976
		15,627	24,356	**14,596**	21,095
Total liabilities		**339,282**	317,034	**33,009**	32,811
NET ASSETS		**141,965**	139,265	**95,867**	97,580
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	22	**72,648**	72,648	**72,648**	72,648
Treasury shares	22	**(70)**	(70)	**(70)**	(70)
Capital reserve		**1,602**	1,602	**518**	518
Defined benefit plans reserve		**336**	336	**-**	-
Fair value reserve		**(56)**	(56)	**-**	-
Revaluation reserve		**236**	232	**-**	-
Other reserve		**4,951**	2,731	**-**	-
Currency translation reserve		**1,281**	3,124	**-**	-
Retained earnings		**54,173**	52,370	**22,771**	24,484
		135,101	132,917	**95,867**	97,580
Non-controlling interests		**6,864**	6,348	**-**	-
TOTAL EQUITY		**141,965**	139,265	**95,867**	97,580

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company									→		
The Group	Share capital US$'000	Treasury shares US$'000	Capital reserve US$'000	Defined benefit plans reserve US$'000	Fair value reserve US$'000	Revaluation reserve US$'000	Other reserve US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Total attributable to equity holders of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2026	**72,648**	**(70)**	**1,602**	**336**	**(56)**	**232**	**2,731**	**3,124**	**52,370**	**132,917**	**6,348**	**139,265**
Profit for the period	-	-	-	-	-	-	-	-	2,581	2,581	83	2,664
Other comprehensive income/(loss):												
Share of associated companies' other comprehensive loss	-	-	-	-	-	4	-	(43)	-	(39)	-	(39)
Currency translation differences	-	-	-	-	-	-	-	(1,800)	-	(1,800)	170	(1,630)
Other comprehensive loss for the period, net of tax	-	-	-	-	-	4	-	(1,843)	-	(1,839)	170	(1,669)
Total comprehensive income for the period	-	-	-	-	-	4	-	(1,843)	2,581	742	253	995
Contributions by and distributions to owners:												
One-tier tax-exempt final cash dividend for year 2025	-	-	-	-	-	-	-	-	(778)	(778)	-	(778)
Total distributions to owners	-	-	-	-	-	-	-	-	(778)	(778)	-	(778)
Others:												
Investment in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	-	-	1,370	1,370
Changes in interest in a subsidiary without loss of control	-	-	-	-	-	-	2,220	-	-	2,220	-	2,220
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	(1,107)	(1,107)
Total others	-	-	-	-	-	-	2,220	-	-	2,220	263	2,483
Balance at 30 June 2026	**72,648**	**(70)**	**1,602**	**336**	**(56)**	**236**	**4,951**	**1,281**	**54,173**	**135,101**	**6,864**	**141,965**
Balance at 1 January 2025	72,648	(70)	1,602	446	(742)	227	2,771	339	50,077	127,298	6,091	133,389
Profit for the period	-	-	-	-	-	-	-	-	810	810	617	1,427
Other comprehensive income/(loss):												
Share of associated companies' other comprehensive loss	-	-	2		-	-	-	(31)	-	(29)	-	(29)
Currency translation differences	-	-	-	-	-	-	-	4,466	-	4,466	490	4,956
Other comprehensive income for the period, net of tax	-	-	2	-	-	-	-	4,435	-	4,437	490	4,927
Total comprehensive income for the period	-	-	2	-	-	-	-	4,435	810	5,247	1,107	6,354
Balance at 30 June 2025	72,648	(70)	1,604	446	(742)	227	2,771	4,774	50,887	132,545	7,198	139,743

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Company	Share capital **US$'000**	Treasury shares **US$'000**	Capital reserve **US$'000**	Retained earnings **US$'000**	Total equity **US$'000**
Balance at 1 January 2026	**72,648**	**(70)**	**518**	**24,484**	**97,580**
Total comprehensive loss for the period	**-**	**-**	**-**	**(935)**	**(935)**
One-tier tax-exempt final cash dividend for year 2025	**-**	**-**	**-**	**(778)**	**(778)**
Balance at 30 June 2026	**72,648**	**(70)**	**518**	**22,771**	**95,867**
Balance at 1 January 2025	72,648	(70)	518	23,263	96,359
Total comprehensive loss for the period	-	-	-	(86)	(86)
Balance at 30 June 2025	72,648	(70)	518	23,177	96,273

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	
	6 months ended 30 June 2026 US$'000	6 months ended 30 June 2025 US$'000
Cash flows from operating activities		
Profit before income tax	**4,283**	1,664
Adjustments for:		
Amortisation of computer software license costs	**43**	37
Amortisation of trademark and know-how	**2**	2
Depreciation of property, plant and equipment	**1,143**	1,114
Gain on disposal of property, plant and equipment	**-**	(38)
Fair value loss/(gain) on financial assets, at fair value through profit or loss	**159**	(235)
Gain on sale of financial assets, at fair value through profit or loss	**(213)**	(15)
Dividend income from financial assets, at fair value through profit or loss	**(22)**	(26)
Gain on dilution of interests in an associated company	**(4)**	(1)
Loss on disposal of interests in an associated company	**36**	-
Fair value gain on derivative financial instruments	**-**	(19)
Provision for defined benefit plans liabilities	**146**	161
Interest income	**(1,366)**	(582)
Interest expense	**6,207**	5,274
Share of results of associated companies	**(27)**	29
Operating cash flow before working capital changes	**10,387**	7,365
Changes in working capital		
Financial assets, at fair value through profit or loss	**(10,452)**	4,850
Finance lease receivables	**3,101**	-
Trade and other receivables	**1,871**	2,200
Inventories	**(14,814)**	5,374
Other current assets	**(3,351)**	(5,324)
Other assets (non-current)	**47**	(32)
Trade and other payables	**34,411**	(29)
Cash from operations	**21,200**	14,404
Income tax paid	**(779)**	(286)
Net cash generated from operating activities	**20,421**	14,118
Cash flows from investing activities		
Payments for computer software license costs	**(74)**	(85)
Payments for property, plant and equipment	**(196)**	(106)
Proceeds from disposal of property, plant and equipment	**29**	135
Payments for investments in financial assets, at fair value through profit or loss	**(99)**	-
Proceeds from sale of financial assets, at fair value through profit or loss	**655**	54
Dividend received from financial assets, at fair value through profit or loss	**22**	26
Proceeds from disposals of interests in an associated company	**74**	-
Payment for investment in a joint venture	**(49)**	-
Interest received	**1,366**	575
Net cash generated from investing activities	**1,728**	599

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	
	6 months ended 30 June 2026	6 months ended 30 June 2025
	US$'000	US$'000
Cash flows from financing activities		
Dividends paid to shareholders of the Company	**(778)**	-
Proceeds from share placement by subsidiary to non-controlling interest	**3,590**	-
Proceeds from bank borrowings	**329,546**	342,038
Proceeds from other borrowings	**26,662**	8,228
Repayment of bank borrowings	**(338,902)**	(345,577)
Repayment of other borrowings	**(33,253)**	(14,856)
Principal payments of lease liabilities	**(4,251)**	(438)
Interest paid	**(5,625)**	(4,862)
Net cash used in financing activities	**(23,011)**	(15,467)
Net decrease in cash and cash equivalents held	**(862)**	(750)
Cash and cash equivalents at the beginning of the period	**36,199**	38,312
Effect of currency translation on cash and cash equivalents	**8**	1,139
Cash and cash equivalents at the end of the period	**35,345**	38,701
Reconciliation:		
Cash and cash equivalents per statement of financial position	**36,614**	38,701
Less: Pledged bank fixed deposit	**(1,269)**	-
Cash and cash equivalents per consolidated statement of cash flows	**35,345**	38,701

1. General information

Serial System Ltd (the "Company") is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is as follows:

8 Ubi View #05-01
Serial System Building
Singapore 408554

The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

These condensed interim financial statements as at and for the six months ended 30 June 2026 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The principal activities of the Group are:
(a) Distribution of electronic components;
(b) Distribution of consumer products, information technology, computer peripherals, parts, software and related products, and artificial intelligence products;
(c) Leasing and sub-leasing of co-location services, comprising rental of data center space, provision of power supply and related infrastructure for customers to host their information technology equipment;
(d) Provision of managed print services and supply of printers, toners and papers;
(e) Distribution of printers and printer accessories;
(f) Hospitality and healthcare solutions;
(g) Assembly and distribution of medical devices and ethylene oxide sterilization;
(h) Project financing in the form of leasing, hire purchase, factoring and loan;
(i) Communications and power line construction;
(j) Trading and distribution of fast-moving consumer goods;
(k) Investment holding and trading; and
(l) Rental of investment properties.

2. Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2026 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last audited annual financial statements for the year ended 31 December 2025.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in United States dollar (US$), which is the Company's functional and presentation currency. All values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

2. Basis of preparation (continued)

2.2. New and amended standards adopted by the Group

The following are the amendments to SFRS(I)s, that took effect from financial year beginning on or after 1 January 2026:

- Amendments to SFRS(I) 9 and SFRS(I) 7 Amendments to the Classification and Measurement of Financial Instruments
- Annual Improvements to SFRS(I)s Volume 11

The adoption of the above amendments to SFRS(I) did not have a material impact on the condensed interim financial statements.

2.3. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited annual financial statements as at and for the year ended 31 December 2025.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

Management has determined the operating segments based on the reports reviewed to make strategic decisions. Management considers the business from both operating and geographical segment perspective. The Group has three reportable segments, as described below, which are the Group's strategic business units based on different product ranges targeting at different market channels:

- Electronic components distribution
- Consumer products distribution
- Other businesses

Operating segments are reported in a manner consistent with the internal reporting provided to the management whose members are responsible for allocating resources and assessing performance of the operating segments. The operating segments are formed by aggregating across the results of the Group's entities whose principal activities fall within the same operating segment as listed above. Management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Performance is measured based on sales, gross profit and profit after tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer and Chief Financial Officer on a monthly basis. These criteria are used to measure performance as management believes that such information are the most relevant in evaluating the results of each entity within the same operating segment. Inter-segment transactions are determined on an arm's length basis.

4. Segment information (continued)

4.1 Operating segments

The Group	Electronic components distribution US$'000	Consumer products distribution US$'000	Other businesses US$'000	Inter-segment eliminations US$'000	Total US$'000
6 months ended 30 June 2026					
Sales – external	451,452	54,965	3,931	(7,275)	503,073
Operating profit/(loss)	11,179	(1,398)	(688)	-	9,093
Unallocated gain	4	-	-	-	4
Finance income	58	1,174	453	(319)	1,366
Finance expense	(4,588)	(1,528)	(410)	319	(6,207)
Share of profit/(loss) of associated companies (after income tax)	119	(92)	-	-	27
Segment results - profit/(loss) before income tax	6,772	(1,844)	(645)	-	4,283
Income tax expense					(1,619)
Profit after income tax					2,664
Segment assets	417,227	82,306	64,270	(87,062)	476,741
Investments in associated companies	1,673	1,011	-	-	2,684
Investments in joint ventures	-	49	-	-	49
Deferred income tax assets					1,773
Consolidated total assets					481,247
Segment liabilities	141,855	42,300	52,457	(87,062)	149,550
Borrowings	136,318	37,487	12,267	-	186,072
Current and deferred income tax liabilities					3,660
Consolidated total liabilities					339,282
Cost of inventories	416,002	52,105	1,529	(7,275)	462,361
Cost of services	-	-	41	-	41
Capital expenditure on property, plant and equipment	351	77	34	-	462
Capital expenditure on computer software license costs	-	74	-	-	74
Investments in financial assets, at fair value through profit or loss	99	-	-	-	99
Amortisation of computer software license costs	37	5	1	-	43
Amortisation of trademark and know-how	2	-	-	-	2
Depreciation of property, plant and equipment	588	107	448	-	1,143
Fair value loss on financial assets, at fair value through profit or loss	143	-	16	-	159
Gain on sale of financial assets, at fair value through profit or loss	(213)	-	-	-	(213)
Employee benefits expense	14,671	1,710	1,635	-	18,016
Loss allowance/(reversal of loss allowance) on trade receivables	(9)	33	1,012	-	1,036
Loss allowance on non-trade receivable (associated company)	-	-	91	-	91

4. Segment information (continued)

4.1 Operating segments (continued)

The Group	Electronic components distribution US$'000	Consumer products distribution US$'000	Other businesses US$'000	Inter-segment eliminations US$'000	Total US$'000
6 months ended 30 June 2025					
Sales – external	342,854	56,447	4,326	(10,963)	392,664
Operating profit/(loss)	5,986	(685)	1,083	-	6,384
Unallocated gain	1	-	-	-	1
Finance income	231	219	518	(386)	582
Finance expense	(3,998)	(962)	(700)	386	(5,274)
Share of (loss)/profit of associated companies (after income tax)	26	(55)	-	-	(29)
Segment results - profit/(loss) before income tax	2,246	(1,483)	901	-	1,664
Income tax expense					(237)
Profit after income tax					1,427
Segment assets	362,910	66,655	69,481	(86,668)	412,378
Investments in associated companies	1,438	1,258	-	-	2,696
Deferred income tax assets					1,620
Consolidated total assets					416,694
Segment liabilities	101,113	42,826	53,037	(86,668)	110,308
Borrowings	129,616	21,185	13,700	-	164,501
Current and deferred income tax liabilities					2,142
Consolidated total liabilities					276,951
Cost of inventories	304,719	53,725	1,583	-	360,027
Cost of services	-	-	14	-	14
Capital expenditure on property, plant and equipment	58	34	97	-	189
Capital expenditure on computer software license costs	56	29	-	-	85
Amortisation of computer software license costs	33	3	1	-	37
Amortisation of trademark and know-how	1	-	1	-	2
Depreciation of property, plant and equipment	595	108	411	-	1,114
Fair value (gain)/loss on financial assets, at fair value through profit or loss	(319)	-	84	-	(235)
Gain on sale of financial assets, at fair value through profit or loss	(15)	-	-	-	(15)
Fair value gain on derivative financial instruments	(19)	-	-	-	(19)
Employee benefits expense	12,830	1,692	1,468	-	15,990
Recovery of trade bad debts previously written off	(33)	-	-	-	(33)
Loss allowance on trade receivables	4	3	20	-	27
Loss allowance on non-trade receivable (associated company)	-	-	69	-	69

4. Segment information (continued)

4.2 Geographical segments

The geographical segments comprised six broad primary geographic areas, namely: Southeast Asia and India [consisting of Singapore (the home and principal operating country of the Group), Malaysia, Thailand, Philippines, Vietnam, Indonesia and India], Hong Kong, China, South Korea, Taiwan and Japan which reflect the current business process and monitoring in these primary geographic business segments in which the Group operates in.

All geographic locations, except Japan, are engaged in the electronic components distribution business.

Consumer products distribution business is located in Southeast Asia and India (comprising mainly Singapore, Malaysia, Thailand, Philippines, Vietnam and Indonesia) and Japan.

Other businesses in Southeast Asia and India (mainly Singapore, Malaysia and Thailand) and Taiwan include, hospitality and healthcare solutions, assembly and distribution of medical devices and ethylene oxide sterilization, project financing in the form of leasing, hire purchase, factoring and loan, communications and power line construction, trading and distribution of fast-moving consumer goods, investment holding and trading, and rental of investment properties.

Sales are based on the geographical area in which the entities are located. Non-current assets are shown by the geographical area where the assets are located.

	Sales		Non-current assets[1]	
The Group	**6 months ended 30 June 2026 US$'000**	6 months ended 30 June 2025 US$'000	**30 June 2025 US$'000**	31 December 2025 US$'000
Southeast Asia and India	**113,537**	101,776	**11,732**	11,945
Hong Kong	**236,197**	171,343	**2,381**	2,322
China	**98,580**	74,952	**11,784**	11,630
South Korea	**30,450**	24,119	**3,381**	3,692
Taiwan	**17,661**	15,736	**8,708**	8,891
Japan	**6,648**	4,738	**59**	9
Southeast Asia and India - Associated company	**-**	-	**1,011**	1,212
Taiwan - Associated company	**-**	-	**1,673**	1,590
Southeast Asia and India – Joint venture	**-**	-	**49**	-
Total	**503,073**	392,664	**40,778**	41,291

Note:

[1] Non-current assets exclude financial assets, at fair value through profit or loss, finance lease receivables and deferred income tax assets

5. Revenue

	The Group	
	6 months ended 30 June 2026 US$'000	6 months ended 30 June 2025 US$'000
Sales of goods and services	**503,073**	392,664
Other operating income	**4,671**	4,489
Interest income	**1,366**	582
	509,110	397,735
Sales of goods and services:		
Performance obligations satisfied at a point in time		
Sales of goods:		
- Electronic components	**444,205**	332,018
- Consumer products	**54,937**	56,401
- Others (Note 4.2)	**3,757**	4,100
	502,899	392,519
Performance obligations satisfied over time		
Services rendered	**174**	145
Total sales of goods and services	**503,073**	392,664
Other operating income:		
Commission and service income	**863**	651
Rebate income from suppliers	**2,142**	923
Rental income	**185**	59
Gain on disposal of property, plant and equipment	**-**	38
Fair value gain on financial assets, at fair value through profit or loss:		
- listed equity securities	**-**	235
- derivative financial instruments	**-**	19
Gain on sale of financial assets, at fair value through profit or loss	**213**	15
Dividend income from financial assets, at fair value through profit or loss	**22**	26
Gain on dilution of interests in an associated company	**4**	1
Recovery of trade bad debts previously written off	**-**	33
Write-back of allowances for inventory obsolescence	**-**	811
Government grants received	**32**	37
Foreign exchange gain (net)	**1,074**	1,453
Sundry income	**136**	188
Total other operating income	**4,671**	4,489
Interest income:		
Project financing and factoring	**420**	475
Leasing	**863**	-
Bank balances	**83**	107
Total interest income	**1,366**	582

6. Profit before income tax

	The Group	
	6 months ended 30 June 2026 US$'000	6 months ended 30 June 2025 US$'000
This is arrived at after charging:		
Amortisation of computer software license costs*	**43**	37
Amortisation of trademark and know-how*	**2**	2
Depreciation of property, plant and equipment*	**1,143**	1,114
Fair value loss on financial assets, at fair value through profit or loss:		
- listed equity securities *	**159**	-
Loss on disposal of interests in an associated company*	**36**	-
Loss allowance:		
- trade receivables (third parties)*	**1,036**	27
- non-trade receivable (associated company)*	**91**	69
Inventories:		
- cost of inventories recognised as an expense (included in ‘cost of sales’)	**462,361**	360,041
- allowances for inventory obsolescence*	**2,267**	-
- write-off of inventories*	**269**	35
Cost of services (included in ‘cost of sales’)	**41**	14
Employee benefits expense	**18,016**	15,990
Rental expense - operating leases (short-term lease)	**1,072**	925
Freight and handling charges	**2,062**	1,988
Travelling and transportation expenses	**1,002**	922
Sales commission expense	**3,070**	3,442
Other expenses (included in distribution, administrative and other operating expenses)	**5,977**	6,162
Total cost of sales, distribution, administrative and other operating expenses	**498,647**	390,768

***** Included in “other operating expenses”

7. Finance expenses

	The Group	
	6 months ended 30 June 2026	6 months ended 30 June 2025
	US$'000	US$'000
Interest expenses:		
Bank borrowings	**795**	898
Trust receipts	**2,390**	2,520
Factoring	**1,890**	1,533
Lease liabilities	**688**	65
Loan from an associated company	**37**	37
Loan from a substantial shareholder of the Company	**-**	73
Others	**407**	148
Total	**6,207**	5,274

8. Related party transactions

A related party is a person or entity who is related to the entity that is preparing its financial statements ("reporting entity").

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity and (b) an entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity; and (viii) the entity or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

8.1 Sales and purchases of goods and services

In addition to the information disclosed elsewhere in the condensed interim financial statements, the following transactions took place between the Group and related parties during the financial period at terms agreed between the parties:

	The Group	
	6 months ended 30 June 2026	6 months ended 30 June 2025
	US$'000	US$'000
With associated companies:		
Sales of goods to an associated company	**3**	13
Purchases of goods from an associated company	**4**	3
Rental received from an associated company	**34**	33
Interest expense paid to an associated company	**37**	37
With director and substantial shareholder:		
Service fee paid to an entity associated with a director of the Company	**-**	6
Service fee paid to an entity associated with a director of subsidiary	**21**	-
Interest expense paid to a substantial shareholder of the Company(1)	**-**	73

Sales and purchases of goods and services and other transactions were carried out on commercial terms and conditions as agreed between the parties.

8. Related party transactions (continued)

Notes:

(1) The Company entered into a loan agreement of S$5,000,000 (US$3,682,000) with Mr. Goi Seng Hui on 23 May 2024. The loan bore interest at 5.0% per annum and has been fully repaid on 23 May 2025.

8.2 Share options granted to/exercised by directors of the Company

There were no share options granted to or exercised by directors of the Company during the financial period ended 30 June 2026 and financial year ended 31 December 2025. There were no outstanding share options granted to the directors of the Company as at 30 June 2026 and 31 December 2025.

9. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual profit. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group	
	6 months ended 30 June 2026 US$'000	6 months ended 30 June 2025 US$'000
Tax expense attributable to profit is made up of:		
Current income tax – Singapore	**134**	132
Current income tax – Foreign	**1,477**	101
	1,611	233
Deferred income tax	**4**	(1)
	1,615	232
Under/(over) provision in preceding financial periods:		
Current income tax	**4**	9
Deferred income tax	**-**	(4)
Total	**1,619**	237

10. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2026 and 31 December 2025:

	The Group		The Company	
	30 June 2026 US$'000	31 December 2025 US$'000	**30 June 2026 US$'000**	31 December 2025 US$'000
Financial assets at amortised cost:				
Cash and bank balances	**36,614**	37,468	**245**	410
Trade and other receivables, loans and other receivables	**195,466**	193,517	**62,184**	63,394
Finance lease receivables	**15,094**	18,195	**-**	-
Deposits	**2,056**	1,434	**-**	-
Total	**249,230**	250,614	**62,429**	63,804
Financial liabilities at amortised cost:				
Trade and other payables	**149,084**	108,790	**25,816**	25,604
Borrowings	**186,072**	205,002	**6,217**	6,231
Total	**335,156**	313,792	**32,033**	31,835

11. Dividends paid

	The Group	
	6 months ended 30 June 2026 US$'000	6 months ended 30 June 2025 US$'000
Ordinary dividends paid:		
Final tax-exempt dividend paid of 0.11 (2025: Nil) Singapore cents per share in respect of the previous financial year	**778**	-

12. Net assets value

	The Group		The Company	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
Net assets value per ordinary share based on the existing issued share capital as at the end of the period reported on (in US$)	**14.93 cents**	14.69 cents	**10.59 cents**	10.78 cents

Net assets value per ordinary share as at 30 June 2026 and 31 December 2025 are calculated based on the net assets value attributable to the equity holders of the Company as at the end of the respective period and the respective aggregate number of ordinary shares of 904,841,914.

13. Trade and other receivables

	The Group		The Company	
	30 June 2026 US$'000	31 December 2025 US$'000	**30 June 2026 US$'000**	31 December 2025 US$'000
Trade receivables:				
Third parties	**195,319**	192,200	**-**	-
Subsidiaries	**-**	-	**11,720**	11,954
	195,319	192,200	**11,720**	11,954
Loss allowance	**(10,772)**	(10,350)	**(23)**	(23)
Net trade receivables	**184,547**	181,850	**11,697**	11,931
Other receivables:				
Third parties	**12,913**	13,668	**457**	452
Loss allowance	**(2,248)**	(2,248)	**(42)**	(42)
	10,665	11,420	**415**	410
Derivative financial instruments	**28**		**-**	
Due from:				
Subsidiaries	**-**	-	**39,323**	39,816
Associated companies	**2,841**	2,744	**298**	292
Joint venture	**2,861**	2,869	**-**	-
	5,702	5,613	**39,621**	40,108
Loss allowance	**(5,448)**	(5,366)	**(4,796)**	(4,796)
	254	247	**34,825**	35,312
Net other receivables	**10,947**	11,667	**35,240**	35,722
Total	**195,494**	193,517	**46,937**	47,653

13. Trade and other receivables (continued)

The Group has an unconditional right to consideration in exchange for goods or services that it has transferred to its customers. Accordingly, the Group has no contract asset as defined in SFRS(I) 15 and records the amounts of consideration as trade receivables for its sales arrangements with the customers.

The Group generally grants a credit period that ranges from 7 to 90 days to its customers. Trade receivables are recognised initially at the amounts of consideration that are unconditional unless they contain significant financing components, of which they will be recognised at fair value. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit loss.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit exposure to an individual counterparty is restricted by credit limit that is approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective heads of operation, and finance department and at the Group level by the corporate finance and management team.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade receivables amounting to US$4,365,000 (31 December 2025: US$4,094,000) is mitigated because these are secured by personal guarantee and/or properties. The Group is not permitted to sell or repledge the properties in the absence of default.

The Group purchases credit insurance to reduce credit risk from extension of credit to the majority of its customers in the electronic components distribution business and certain customers in the consumer products distribution business.

The Group's trade receivables include note receivables amounting to US$3,132,000 (31 December 2025: US$2,778,000) which mature within six months from 30 June 2026 (31 December 2025: six months from 31 December 2025).

The Group's and the Company's other receivables (including amounts due from subsidiaries, associated companies and joint venture) are considered to have low credit risk as there is no significant increase in the risk of default on the receivables since initial recognition. The loss allowance is measured at an amount equal to 12-month expected credit loss which reflects the low credit risk of the exposures, except for amounts of US$7,696,000 (31 December 2025: US$7,614,000), of the Group and amounts of US$4,838,000 (31 December 2025: US$4,838,000) of the Company, which are measured based on lifetime expected credit loss in line with the significant change in credit risk of the debtors. In addition, the Group's other receivables of US$1,551,000 (31 December 2025: US$1,614,000) are further secured by property and personal guarantee.

14. Inventories

	The Group	
	30 June 2026 US$'000	31 December 2025 US$'000
Finished goods	**143,050**	128,915
Work-in-progress	**306**	81
Raw materials	**1,314**	1,157
Total	**144,670**	130,153

During the financial period, the Group provided allowances for inventory obsolescence amounting to US$2,267,000 (30 June 2025: wrote back allowances for inventory obsolescence of US$811,000).

15. Financial assets, at fair value through profit or loss

	The Group	
	30 June 2026 US$'000	31 December 2025 US$'000
Current	**15,478**	5,027
Non-current	**21,552**	22,139
Total	**37,030**	27,166
Comprised:		
Current		
Trade receivables[1]	**15,478**	5,027
Non-current		
Listed equity securities:		
- Singapore	**339**	346
- South Korea	**363**	863
- Taiwan	**529**	550
	1,231	1,759
Unlisted equity securities:		
- Singapore	**389**	389
- Cayman Islands	**12,684**	12,715
- Thailand	**301**	317
	13,374	13,421
Preference shares:		
- Singapore	**5,022**	5,034
- Thailand	**1,925**	1,925
	6,947	6,959
	21,552	22,139
Total	**37,030**	27,166

Note:

[1] Trade receivables which are subjected to factoring agreements arrangement with banks to obtain bank financing are categorised under "Financial assets, at fair value through profit or loss" as they do not meet the criteria of trade receivables for measurement at either amortised cost or fair value through other comprehensive income under SFRS(I) 9, as the objective of the Group's business model is achieved by selling these assets to banks.

16. Finance lease receivables

	The Group	
	30 June 2026 US$'000	31 December 2025 US$'000
Current	**6,562**	6,261
Non-current	**8,532**	11,934
Total	**15,094**	18,195

The Group sub-leases its leased data centre colocation space to a third party under a three-year non-cancellable lease arrangement which has no provision for any early termination options. The Group's exposure to residual value risk is not significant as the sub-lease is specifically assigned to the underlying data centre colocation space and the key terms of the sub-lease agreement are substantially aligned with those of the lessor's head lease agreement. Lease payments are fixed and do not include any variable lease payments.

As at the reporting date, the maturity of the finance lease receivables is as follows:

	The Group	
	30 June 2026 US$'000	31 December 2025 US$'000
Within one year	**7,787**	7,809
Between one to two years	**7,787**	7,809
Between two to three years	**1,297**	5,205
Total undiscounted lease payments	**16,871**	20,823
Less unearned finance income	**(1,777)**	(2,628)
	15,094	18,195

There have not been any significant changes in the carrying amount of the finance lease receivables as at the reporting date.

The interest rate inherent in the leases is fixed at 10% per annum at the contract date for the entire lease term.

The loss allowance on finance lease receivables is measured based on lifetime expected credit loss. As at the reporting date, none of the finance lease receivables is past due or credit-impaired, and taking into account the subsequent repayment and the future prospects of the industries in which the lessee operates, the Group considers that the expected credit loss allowance on the finance lease receivables to be insignificant.

17. Property, plant and equipment

During the financial period, the Group acquired property, plant and equipment amounting to US$462,000 (30 June 2025: US$189,000), of which US$266,000 (30 June 2025: US$83,000) were related to right-of-use assets. Cash payments of US$196,000 (30 June 2025: US$106,000) were made to purchase property, plant and equipment.

18. Investment properties

	The Group	
	30 June 2026 US$'000	31 December 2025 US$'000
Beginning of financial period	**9,864**	6,463
Additions	**237**	120
Reclassification from property, plant and equipment	**-**	2,877
Fair value gain (net)	**-**	80
Currency translation differences	**(74)**	324
End of financial period	**10,027**	9,864

18.1 Valuation

Investment properties are carried at fair value, determined annually by independent professional valuers based on the investment properties' highest-and-best use value using an average of Direct Market Comparison Method and Income Approach and if required, with appropriate adjustments, taking into consideration, factors such as location, date of transaction and size of property. Changes in fair values are recognised in the consolidated statement of profit or loss.

19. Intangible assets

	The Group		The Company	
	30 June 2026 US$'000	31 December 2025 US$'000	**30 June 2026 US$'000**	31 December 2025 US$'000
Goodwill arising from acquisition of subsidiaries	**3,058**	3,062	**-**	-
Computer software license costs	**252**	197	**38**	28
Trademark and know-how	**22**	23	**-**	-
Total	**3,332**	3,282	**38**	28

Goodwill arising from acquisition of subsidiaries arose from the Group's electronic components distribution subsidiaries in Hong Kong and China amounting to US$1,514,000 (31 December 2025: US$1,514,000) and the Group's other businesses' subsidiary in Singapore amounting to US$1,544,000 (31 December 2025: US$1,548,000). No impairment charges was made during the financial period (30 June 2025: Nil).

During the financial period, the Group acquired computer software license costs amounting to US$74,000 (30 June 2025: US$85,000).

20. Trade and other payables

	The Group		The Company	
	30 June 2026 US$'000	31 December 2025 US$'000	**30 June 2026 US$'000**	31 December 2025 US$'000
Current				
Trade payables – third parties	**113,600**	79,069	**-**	-
Other payables and accrued operating expenses	**23,798**	23,197	**1,268**	997
Contract liabilities	**10,648**	5,504	**-**	-
Derivative financial instruments	**-**	33	**-**	-
Due to subsidiaries	**-**	-	**9,318**	9,127
Due to an associated company	**1,038**	1,020	**1,038**	1,020
Financial guarantee contracts	**-**	-	**572**	572
Total	**149,084**	108,823	**12,196**	11,716

21. Borrowings

	The Group		The Company	
	30 June 2026 US$'000	31 December 2025 US$'000	**30 June 2026 US$'000**	31 December 2025 US$'000
Amount repayable within one year or on demand:				
Secured	**36,364**	29,603	**6,217**	-
Unsecured	**136,220**	153,091	**-**	-
	172,584	182,694	**6,217**	-
Amount repayable after one year:				
Secured	**12,778**	21,565	**-**	6,231
Unsecured	**710**	743	**-**	-
	13,488	22,308	**-**	6,231
Total	**186,072**	205,002	**6,217**	6,231

21.1 Details of any collateral

(i) A term loan of the Company amounting to US$6,217,000 (31 December 2025: US$6,231,000) which was payable on 31 May 2027, is secured by the following:
- a first legal mortgage on the leasehold land and building ('Mortgaged Property') held by a wholly-owned Singapore subsidiary, Serial Investment Pte Ltd;
- an assignment of all rights, title interest and benefits including insurance policies and tenancy agreements relating to the Mortgaged Property; and
- joint and several guarantees of certain subsidiaries of the Group.

(ii) Bank borrowing of US$10,000 (31 December 2025: US$44,000) due by a wholly-owned Malaysia subsidiary, Serial Microelectronics Sdn. Bhd., to partially finance the acquisition of its freehold building in Malaysia is secured by a first legal mortgage of the property.

(iii) Bank borrowing of US$3,107,000 (31 December 2025: US$3,206,000) due by a wholly-owned Taiwan subsidiary, Serial Investment (Taiwan) Inc., to partially finance the acquisition of its freehold building in Taiwan and for working capital is secured by a first legal mortgage of the property. The freehold building was additionally secured for trust receipts and bank borrowings of the Group totalling US$2,180,000 (31 December 2025: US$1,481,000). In addition, bank borrowing of US$2,365,000 (31 December 2025: US$1,849,000) due by Serial Investment (Taiwan) Inc. for working capital, is secured by cash security deposit of US$659,000 (31 December 2025: US$701,000) placed with the financial institution.

(iv) Bank borrowing of US$8,057,000 (31 December 2025: US$6,990,000) due by a wholly-owned South Korea subsidiary, Serial Microelectronics Korea Limited for working capital, is secured by a first legal mortgage of its freehold land and building in South Korea.

(v) Bank borrowing of US$12,260,000 (31 December 2025: US$13,247,000) due by a 91.0%-owned China subsidiary, Serial Microelectronics (Shenzhen) Co., Ltd for working capital, is secured by a first legal mortgage of its leasehold buildings in Shenzhen, Shanghai and Beijing, China.

(vi) Lease liabilities of US$14,946,000 (31 December 2025: US$18,120,000) due by a 69.09%-owned Malaysia subsidiary, Achieva Cloud Services Sdn. Bhd. relating to the leasing of data center colocation space from a third-party lessor, are secured by a bank's letter of guarantee, which is pledged by a fixed deposit amounting to US$1,269,000 (31 December 2025: US$1,269,000) of a 69.09%-owned Malaysia subsidiary, Serial Achieva Limited.

21. Borrowings (continued)

21.2 Loan compliance

The Group regularly monitors its compliance with the covenants and is up to date with the scheduled repayments of the borrowings. As at 30 June 2026, the Group complied with covenants entered with various banks, except for certain banks, which have the right to call for immediate repayment of outstanding current bank borrowings of US$5,695,000 (31 December 2025: US$6,808,000), included in current liabilities. As at the date of this report, bank borrowings of US$2,392,000 have been repaid and the banks have not called for any immediate repayment of the remaining amount of US$3,303,000. The Group's subsidiary has been servicing the repayment of the bank borrowings and its interests as and when they fall due and the utilisation of the borrowing facilities continues as usual as at the date of this report.

22. Share capital and treasury shares

	Issued number of shares		Total share capital	
The Group and The Company	Share capital	Treasury shares	Share capital **US$'000**	Treasury shares **US$'000**
2026				
At 1 January 2026 and 30 June 2026	**905,787,914**	**(946,000)**	**72,648**	**(70)**
2025				
At 1 January 2025 and 31 December 2025	905,787,914	(946,000)	72,648	(70)

There were no ordinary shares issued since the end of the financial year ended 31 December 2025.

There were no purchase, sale, transfer, disposal, cancellation and use of treasury shares and subsidiary holdings during the six months ended 30 June 2026.

There were no outstanding share options and subsidiary holdings as at 30 June 2026 and 31 December 2025.

23. Review

The condensed interim statements of financial position of Serial System Ltd and its subsidiaries as at 30 June 2026 and the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six month period then ended and certain explanatory notes have not been audited or reviewed by the auditors.

24. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Half Year Ended	
	30 June 2026	30 June 2025
Based on the weighted average number of ordinary shares in issue (in US$); and	**0.29 cent**	0.09 cent
On a fully diluted basis (in US$)	**0.29 cent**	0.09 cent

Earnings per ordinary share on existing issued share capital are computed based on the weighted average number of shares in issue during the six months ended 30 June 2026 of 904,841,914 (30 June 2025: 904,841,914).

Earnings per ordinary share on a fully diluted basis are computed based on the weighted average number of shares in issue during the six months ended 30 June 2026 of 904,841,914 (30 June 2025: 904,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

There were no potential dilutive ordinary shares for the financial periods ended 30 June 2026 and 30 June 2025.

25. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

<u>Condensed Interim Consolidated Statement of Profit or Loss</u>

The Group recorded turnover of US$503.1 million for the six months ended 30 June 2026 ("1H2026"), representing an increase of 28% compared to US$392.7 million for the corresponding period last year ("1H2025").

Turnover from the electronic components distribution segment increased by 34% to US$444.2 million in 1H2026, with all geographical regions recording higher sales. Hong Kong and China, the Group's largest market, registered the strongest sales growth, driven by robust demand from the consumer electronics, household appliances, telecommunications, automotive and electric vehicle sectors, as well as increased sales of AI-related products. South Korea also achieved higher sales, supported by stronger demand for existing product lines from customers serving the automotive, consumer electronics and industrial sectors. Southeast Asia, India and Taiwan likewise recorded sales growth, underpinned by increased demand for both new and existing product lines from customers operating in the electronics manufacturing services, telecommunications, automotive and security sectors.

Turnover from the consumer products distribution segment decreased by 3% to US$54.9 million in 1H2026. The consumer and enterprise IT products distribution subsidiaries in Malaysia and Thailand recorded lower sales due to softer demand for desktop CPUs, VGA cards and motherboards, arising from product shortages and higher selling prices. The printing and managed print services subsidiary in Singapore also reported lower sales of 3D printers and related accessories amid intense market competition. These declines were substantially mitigated by stronger sales of advanced high-performance network switches ("AI-related products") by a Singapore subsidiary, as well as higher sales by a Japan subsidiary, supported by the continued expansion of its product portfolio.

Turnover from other businesses decreased by 7% to US$3.9 million in 1H2026. The decline was primarily attributable to lower revenue from hospital and healthcare solutions, partially offset by stronger sales from the medical devices assembly and distribution business.

The Group's overall gross profit margin decreased by 0.2 percentage points to 8.1% in 1H2026 from 8.3% in 1H2025. The decline was mainly attributable to lower margins recorded by the Group's electronic components distribution subsidiary in South Korea and consumer products distribution subsidiary in Japan, amid intense market competition. This was partially offset by improved margins achieved by the Group's consumer and enterprise IT products distribution subsidiary in Malaysia, supported by higher sales of higher-margin products.

Other operating income increased by US$0.2 million or 4% to US$4.7 million in 1H2026. The increase was mainly attributable to higher commission and service income earned of US$1.0 million and higher rebate income earned from suppliers of US$0.4 million These increases were substantially offset by lower net foreign exchange gains of US$0.4 million and the write-back of inventory obsolescence allowances of US$0.8 million recognised in 1H2025. In 1H2026, the Group recorded inventory obsolescence allowances of US$2.3 million under "Other Operating Expenses".

Interest income increased by US$0.8 million or 135% to US$1.4 million in 1H2026. The increase was mainly attributable to finance lease interest income of US$0.9 million arising from the three-year non-cancellable finance lease agreement entered into in September 2025 by the Group's Malaysia consumer products distribution subsidiary for the sub-lease of data centre colocation space to a third party.

Distribution expenses increased by US$0.8 million, or 4%, to US$20.8 million in 1H2026. The increase was mainly attributable to higher staff and related costs, partially offset by lower sales commission expenses, incurred by the electronic components distribution segment.

Administrative expenses increased by US$0.1 million or 2% to US$4.8 million in 1H2026. The increase was mainly attributable to higher staff-related costs and increased office supplies and maintenance expenses, substantially offset by lower professional fees incurred.

Finance expenses increased by US$0.9 million, or 18%, to US$6.2 million in 1H2026. The increase was mainly attributable to finance costs on lease liabilities of US$0.6 million arising from the Group's Malaysia consumer products distribution subsidiary's data centre colocation space lease, as well as higher interest expense on borrowings incurred by the electronic components distribution segment due to increased borrowings compared with 1H2025.

Condensed Interim Consolidated Statement of Profit or Loss (continued)

Other operating expenses increased by US$4.6 million, or 76%, to US$10.7 million in 1H2026. The increase was mainly attributable to higher loss allowance on trade receivables of US$1.0 million, higher staff and related costs of US$0.8 million, higher inventory write-offs of US$0.2 million, an inventory obsolescence allowance of US$2.3 million and a fair value loss of US$0.2 million on financial assets, at fair value through profit or loss. In 1H2025, the Group recorded a write-back of inventory obsolescence allowances of US$0.8 million and a fair value gain of US$0.3 million on financial assets, at fair value through profit or loss under "Other Operating Income".

The Group's associated companies contributed a net profit of US$27,000 in 1H2026, compared to a net loss of US$29,000 in 1H2025. The Group shared of profit from its 12.65%-owned Taiwan-listed Bull Will Co., Ltd. increased to US$119,000 (1H2025: profit of US$26,000) which was substantially offset by the Group's share of loss of US$92,000 from its 14.93%-owned Indonesia-listed PT Sentral Mitra Informatika Tbk (1H2025: loss of US$55,000).

The Group reported a net profit attributable to equity holders of the Company of US$2.6 million in 1H2026, compared to US$0.8 million in 1H2025. The improvement in performance was mainly attributable to a higher gross profit of US$8.1 million, driven by increased sales, partially offset by higher inventory obsolescence allowances of US$2.3 million, a higher loss allowance on trade receivables of US$1.0 million, higher total staff costs of US$2.0 million and increase finance expenses of US$0.9 million.

Condensed Interim Statements of Financial Position

Trade and other receivables, net of non-recourse factored trade receivables, increased by US$2.0 million to US$195.5 million as at 30 June 2026. The increase was mainly attributable to higher trade receivables recorded by the Group's Singapore, South Korea and Taiwan electronic components distribution subsidiaries, in line with higher sales as well as trade receivables recorded by the Group's Malaysia consumer products distribution subsidiary arising from the sub-leasing of data centre colocation space and the Group's Singapore consumer products distribution subsidiary from the sales of AI-related products. These increases were substantially offset by lower trade receivables recorded by the Group's Hong Kong and China electronic components distribution subsidiaries, despite higher sales, due to the higher utilisation of factoring facilities in 1H2026 and lower trade receivables recorded by the Group's Malaysia consumer and enterprise IT products distribution subsidiary, in line with lower sales. Average trade receivables turnover days decreased to 70 days in 1H2026 from 77 days in FY2025.

Inventories increased by US$14.5 million to US$144.7 million as at 30 June 2026. The increase was mainly attributable to higher inventory levels held by the Group's Hong Kong and China electronic components distribution subsidiaries in anticipation of higher sales in 3Q2026. The increase was partially offset by lower inventory levels held by the Group's Singapore, South Korea and Taiwan electronic components distribution subsidiaries, reflecting more prudent inventory management. The consumer products distribution subsidiaries also held overall lower inventories, amid softer demand expected in 3Q2026. Average inventory turnover days decreased to 54 days in 1H2026 from 58 days in FY2025.

Financial assets, at fair value through profit or loss (current assets) increased by US$10.5 million to US$15.5 million as at 30 June 2026. The increase was attributable to higher non-recourse factored trade receivables from the Group's Hong Kong electronic components distribution subsidiary, which are classified under this asset category.

Financial lease receivables of US$6.6 million and US$8.5 million included in current assets and non-current assets respectively as at 30 June 2026 relate to a three-year non-cancellable finance lease agreement entered into in September 2025 by the Group's Malaysia consumer products distribution subsidiary for the sub-lease of data centre colocation space. The overall decrease of US$3.1 million compared with FY2025 was due to lease repayments received during the period in accordance with the terms of the finance lease agreement.

Other current assets of US$9.8 million as at 30 June 2026 comprised mainly prepayments to suppliers for purchases of inventories of US$7.0 million, office rental deposits of US$0.3 million and other prepaid operating and financial expenses of US$2.5 million. The increase of US$3.2 million compared to FY2025 was mainly attributable to higher prepayments to suppliers for purchases of inventories by the Group's South Korea electronic components distribution subsidiary and higher other prepaid operating and financial expenses by the Group's Malaysia consumer products distribution subsidiary for the leasing of data centre colocation space.

Condensed Interim Statements of Financial Position (continued)

Financial assets, at fair value through profit or loss (non-current assets) decreased by US$0.6 million to US$21.6 million as at 30 June 2026. The decrease was attributable mainly to disposals of the Group's South Korea listed equity securities of US$0.4 million and net fair value loss in the Group's listed equity securities of US$0.2 million.

Investments in joint ventures increased by US$49,000, attributable to the capital contribution made by the Company's 69.09%-owned subsidiary, Serial Achieva Limited, for the incorporation of joint venture, Achieva Vietson Co., Ltd. which Serial Achieva Limited holds a 49% equity interest.

Trade and other payables increased by US$40.3 million to US$149.1 million as at 30 June 2026. Trade payables increased by US$34.5 million, mainly attributable to higher purchases by the Group's Hong Kong and China electronic components distribution subsidiary and longer payment terms granted by certain suppliers to the Group's Singapore electronic components distribution subsidiary as well as trade payables outstanding for purchases of AI-related products by the Group's Singapore consumer products distribution subsidiary. Other payables increased by US$5.8 million, mainly due to higher customer deposits received by the Group's Hong Kong and China, and South Korea electronic components distribution subsidiaries, as well as higher supplier rebates accrued by the Group's Malaysia and Thailand consumer and enterprise IT products distribution subsidiaries. Average payment days for trade payables remained the same at 38 in 1H2026 and FY2025.

As at 30 June 2026, the Group's current ratio (current assets divided by current liabilities) reduced to 1.26 from 1.30 as at 31 December 2025.

Borrowings decreased by US$18.9 million to US$186.1 million as at 30 June 2026. The decrease was mainly attributable to lower borrowings by the Group's Hong Kong and China electronic components distribution subsidiary which utilised increased non-recourse factoring facilities to finance their working capital requirements and inventories and lower borrowings by the Group's Singapore electronic components distribution subsidiary due to longer payment terms granted by certain suppliers for their purchases of inventories. Repayment of lease liabilities of US$3.2 million by the Group's Malaysia consumer products distribution subsidiary in relation to the leasing of data centre colocation space also contributed to the decline in borrowings. The Company's non-current term loan amounting to US$6.2 million as at 31 December 2025 which was payable on 31 May 2027, was reclassified to current borrowings as at 30 June 2026.

As at 30 June 2026, the Group's net gearing ratio (net debts, being total borrowings less cash and cash equivalents, divided by total equity) decreased to 105.3% from 120.3% as at 31 December 2025. The improvement was mainly attributable to reduction in total borrowings during 1H2026.

Other reserve increased by US$2.2 million to US$5.0 million as at 30 June 2026. The increase was mainly attributable to the difference between the consideration received from the issuance of new shares by Serial Achieva Limited to non-controlling interests and the corresponding adjustment to the carrying amount of the non-controlling interests, following the dilution of the Company's equity interest in Serial Achieva Limited from 77.64% to 69.09% in 1H2026, without a loss of control.

Currency translation reserve decreased by US$1.8 million to US$1.3 million as at 30 June 2026. The decrease was mainly attributable to decline in the value of the Group's investments in its South Korea electronic components distribution subsidiary and Thailand consumer and enterprise IT products distribution subsidiary, arising from the appreciation of the United States dollar against the South Korean won and Thailand baht, respectively.

Foreign exchange management

The Group's financial statements are presented in United States Dollar, which is also the functional and presentation currency of the Company. The Company has foreign exchange hedging policies for the Group's subsidiaries with significant exposure to foreign currencies in Chinese Renminbi, Malaysian Ringgit, Thailand Baht, Japanese Yen and Singapore Dollar. These policies were discussed and concurred by the Audit Committee of the Company. The Group monitored on a daily basis the direction of these currencies to make decision whether to enter into foreign exchange forward contract and/or spot transactions to mitigate its currency exposures. As the cash flows from these subsidiaries to repay the United States Dollar inter-company payables from collections of trade receivables and sales of inventories are not certain, the Group enters into foreign exchange forward contract and/or spot transactions in accordance to its monthly requirements for United States Dollar, rather than hedging the entire amount of the United States Dollar inter-company payables exposure with these subsidiaries.

Short-term financial obligations

The Board after taking into consideration the Group's cash and cash equivalents, positive net cash generated from operating activities, net current assets and continued support from the Group's lenders and vendors, is of the opinion that the Group is able to meet its short-term financial obligations due within the next 12 months.

Contingent liability

In FY2024, the Company's wholly-owned subsidiary, Serial Microelectronics Pte Ltd ("SMPL"), received protective tax assessment notice from the Inland Revenue Authority of Singapore ("IRAS") amounting to S$1,038,000 (US$810,000) for the year of assessment 2019 ("YA2019") ("Unitron YA2019 Protective Tax Assessment").

The Unitron YA2019 Protective Tax Assessment notice relates to the marked to market fair value gain of US$4,454,000 from SMPL's 7.15% equity investment in Unitron Tech Co., Limited ("Unitron"), a South Korea company listed in February 2016 on the Korean Securities Dealers Automated Quotations of the Korean Exchange. SMPL has treated the gain as capital in nature as opposed to trading gain on the grounds that the investment has been held for long term strategic purposes since March 2004 as a subsidiary till March 2011 and not for trading sale.

On 25 March 2025, IRAS, following review of the objection letter, together with supporting information submitted by SMPL's tax adviser in December 2024, maintained its view that the marked to market fair value gain of US$4,454,000 from SMPL's investment in Unitron is on revenue account. Pending further resolution on this and related tax matters, the existing tax assessment for the Unitron's YA2019 Protective Tax Assessment stands.

On 18 July 2025 and 30 June 2026, SMPL through its tax advisor submitted additional documents/information to IRAS to support the capital gain treatment of Unitron investment. As at the announcement date of 14 August 2026, IRAS has not revert back to SMPL or its tax adviser on its position.

No provision for the Unitron YA2019 Protective Tax Assessment has been made in the financial statements for FY2025 and 1H2026.

26. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was previously issued in respect of the current reporting period.

27. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The operating environment for the semiconductor and technology industry remains dynamic. While demand for artificial intelligence ("AI") infrastructure, cloud computing and high-performance computing continues to support growth across the semiconductor value chain, geopolitical tensions, evolving trade policies, export control measures and tariffs continue to create uncertainty in global supply chains and customer procurement decisions. These developments may continue to affect demand visibility, product availability, procurement costs and operating expenses across the Group's markets. Nevertheless, the long-term outlook for AI-driven technologies, data centres and digital infrastructure remains positive.

Structural demand from AI, data centres, cloud computing, semiconductor technologies, electric vehicles and renewable energy applications is expected to continue supporting the Group's core electronic components distribution business. The Group will continue to strengthen its relationships with key suppliers and customers while expanding its capabilities in higher-growth segments, including AI infrastructure, cloud services, GPU computing, data centre solutions and enterprise technologies. The Group also expects to benefit from opportunities arising from continued investments in AI infrastructure and semiconductor development across Asia.

The Group's consumer and enterprise IT products distribution business is expected to remain competitive. While demand for AI-related products and enterprise infrastructure continues to improve, market conditions for traditional IT products remain selective and subject to pricing pressure. The Group will continue to strengthen its consumer and enterprise IT products distribution business through disciplined inventory, pricing and working capital management, while expanding its portfolio of AI-related products, cloud storage, gaming, enterprise technologies and digital infrastructure solutions. The Group will also continue to develop its AI infrastructure and cloud computing capabilities, pursue strategic partnerships and selectively expand its regional footprint to capture long-term growth opportunities.

The Group remains exposed to foreign exchange fluctuations, financing costs and higher working capital requirements arising from changes in sales, procurement and inventory levels. Management will continue to exercise prudent financial discipline in managing costs, inventory, customer credit risk and cash flows while maintaining a healthy balance sheet and financial flexibility. The Group remains focused on delivering sustainable long-term growth and enhancing shareholder value over the next reporting period and beyond.

28. Dividend

a) Current Financial Period Reported On

Any dividend declared (recommended) for the current financial period reported on? Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in SGD cents)	0.09 cent per ordinary share
Optional:- Dividend Rate (in %)	
Par value of shares	Not applicable
Tax Rate	One-Tier Tax-exempt

b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

c) Date payable

Date of interim dividend payment will be announced at a later date.

d) Books closure date

Notice of books closure date will be announced at a later date.

29. If no dividend has been declared/recommended, a statement to that effect.

Not applicable

30. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under SGX Listing Manual Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No general mandate from shareholders has been obtained for IPTs.

31. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

32. Negative assurance confirmation on interim financial results pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company confirms to the best of their knowledge that nothing has come to their attention which may render the unaudited half year interim financial results for the period ended 30 June 2026 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Derek Goh Bak Heng
Executive Chairman and Group Chief Executive Officer
14 August 2026